PART IV

SECTION 1-B

CENTRAL ACTS AND ORDINANCES

LAW AND PARLIAMENTARY AFFAIRS SECRETARIAT

Notification No. LAW 37 LCA 78.

Bangalore, dated 29th June 1978.

Ordered that the Reserve Bank of India (Amendment) Act, 1978 (Act No. 24 of 1978) published in Part II, Section 1 of the Gazette of India, Extraordinary dated 3rd June, 1978 be republished in the *Karnataka Gazette* for general information.

By Order and in the name of the Governor of Karnataka

A. NEELAKANTARYA,

Under Secretary to Government,
Department of Law and Parly. Affairs.

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MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

(Legislative Department)

New Delhi, the 3rd June, 1978/Jyaistha 13, 1900 (Saka)

The following Act of Parliament received the assent of the President on the 3rd June 1978, and is hereby published for general information :—

THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 1978

No. 24 OF 1978

[*3rd June 1978*]

An Act further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows :—

1. Short title and commencement.—(1) This Act may be called the Reserve Bank of India (Amendment) Act, 1978.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2. Change of nomenclature of Agricultural Refinance Corporation.—In the Reserve Bank of India Act, 1934 (2 of 1934) (hereinafter referred to as the principal Act), for the words "Agricultural Refinance Corporation", wherever they occur, the words "Agricultural Refinance and Development Corporation" shall be substituted.

3. **Amendment of section 2.**—In section 2 of the principal Act,—

(*i*) for clause (c), the following clauses shall be substituted, namely:—

'(*bix*) "foreign currency" and "foreign exchange" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973; (46 of 1973.)

(c) "Industrial Finance Corporation" means the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948; (15 of 1948);';

(*ii*) after clause (*f*), the following clause shall be inserted, namely:—

'(*fi*) "State Financial Corporation" means any State Financial Corporation established under the State Financial Corporations Act, 1951; (63 of 1951);';

4. **Amendment of Section 17.**—In section 17 of the principa Act,—

(*i*) in clause (3), in sub-clause (a), the words "in amounts of notless than the equivalent of one lakh of rupees" shall be omitted;

(*ii*) in clauses (4) and (4A), the words and figures "established under the State Financial Corporations Act, 1951" shall be omitted;

(*iii*) in clause (4B), the words and figures "established under the Industrial Finance Corporation Act, 1948" shall be omitted;

(*iv*) after clause (4H), the following clause shall be inserted, namely.—

"(4-I) the making to scheduled banks, the Development Bank the Industrial Finance Corportion and any other financial institution as may, on the recommendation of the Bank, be approved in this behalf by the Central Government of loans and advances repayable on demand or otherwise and against such security and on such other terms and conditions as may be approved in this behalf by the Central Board for the purpose of enabling such banks, or financial institution, as the case may be to purchase foreign exchange from the Bank for the purpose of financing the import of capital goods or for such other purposes as may be approved by the Central Govenment;";

(v) in clause (11), the words and figures "established under the Industrial Finance Corporation Act, 1948" shall be omitted;

(vi) for clause (12), the following clause shall be substituted, namely:—

"(12) the purchase and sale of gold or silver coins and gold and silver bullion and foreign exchange and the opening of a gold account with the principal currency authority of any foreign country or the Bank for International Settlements or any international or regional

bank or financial institution formed by such principal currency authority or authorities or by the Government of any foreign country;";

(vii) for clause (12A), the following clause shall be substituted, namely;—

"(12A) the purchase and sale of securities issued by the Government of any country outside India or by any institution or body corporate established outside India and expressed to be payable in a foreign currency or any international or composite currency unit, being in the case of purchase by the Bank securities maturing within a period of ten years from the date of purchase :

Provided that in the case of securities of an institution or body corporate, the repayment of principal and payment of interest in respect of such securities shall be guaranteed by the Government of the country concerned ;";

(*viii*) after clause (12A) as so amended, the following clause shall be inserted, nemely:—

"(12B) the making of loans and advances in foreign currencies to scheduled banks, the Development Bank, the Industrial Finance Corporation, any State Financial Corporation and any other financial institution as may, on the recommendation of the Bank, be approved by the Central Government and on such terms and conditions as may be specified by the Central Board in this behalf, against promissory notes of such bank or financial institution, as the case may be :

Provided that the borrowing bank or financial institution, as the case may be furnishes a declaration in writing to the effect that—

(*a*) it has made loans and advances in foreign currencies for financing international trade or for the import of capital goods or for such other purposes as may be approved by the Central Government ; and

(*b*) that the amount of loans or advances so made and outstanding at any time will not be less than the outstanding amount of the loans or advances obtained by it from the Bank; ";

(*ix*) for clause (13), the following clause shall be substituted, namely:—

"(13) the opening of an account with an office outside India of any bank, including a bank incorporated in india or the making of an agency agreement with, and the acting as an agent or correspondent of, any bank incorporated outside india, or the principal currency authority of any country under the law for the time being in force in that country or any international or regional bank or financial institution formed by such principal currency authorities or foreign Governments, and the investing of the funds of the Bank in the shares and securities of any such international or regional bank

or financial institution or of any other foreign institution as may be approved by the Central Board in this behalf; ".

5. **Amendment of Section 18**: In section 18 of the principal Act, clause (2) shall be omitted.

6. **Amendment of Section 33**.—In Section 33 of the principal Act, in sub-section (6) in clause (i),—

(1) in sub-clause (a),—

(*a*) after the words "International Finance Corporation", the words " or Asian Development Bank" shall be inserted;

(*b*) for the words "any commercial bank notified by the Central Government", the words "any banking or financial institution notified by the Central Government" shall be substituted ; and

(*c*) for the words "period of five years", the words "period of ten years" shall be substituted ;

(2) in sub-clause (*c*), for the words "within five years", the words "within ten years" shall be substituted.

7. **Amendment of Section 46C**.—In Section 46C of the principal Act, in sub-section (2), in clause (*a*), the words and figures "established under the Industrial Finance Corporation Act, 1948" and "established under the State Financial Corporations Act, 1951" shall be omitted.

8. **Amendment of Section 48**.—In Section 48 of the principal Act, in sub-section (1), for the words and figures "Indian Income-tax Act, 1922", the words and figures "the Income-tax Act, 1961" shall be substituted.

9. **Amendment of Section 53**.—In section 53 of the principal Act, in sub-section (1), for the words "published weekly in the Gazette of India", the words "published in the Gazette of India at such intervals and in such modified form as it may deem fit" shall be substituted.

R.V.S. PERI SASTRI,
Jt. Secy to the Govt. of India.

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